

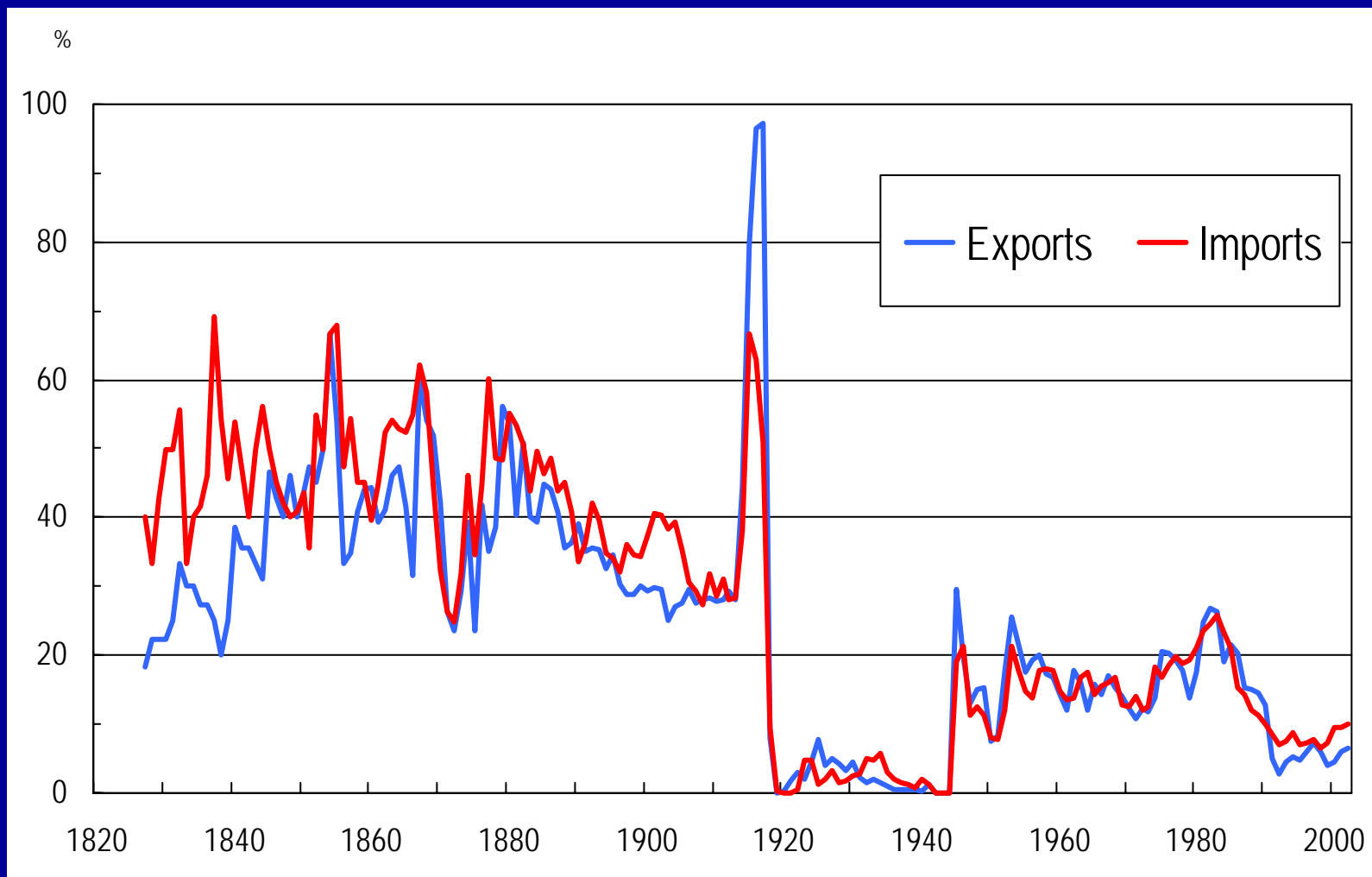
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The Impact of Russian Economy on Finland

Economic and Political Relations after the EU Enlargement

Budapest 5-6 February 2004

Russian/Soviet share in Finnish Foreign Trade 1827-2002



The Soviet Union & Finland

Bilateral Clearing Trade until 1991:

- + utilized the SU's trade potential
- + secured demand for Finnish exports
- + anticyclical impact on Finnish economy
- + profitable to Finnish firms
- alien to Finnish market economy
- supported existing structures
- created “dual economy”
- caused recession in 1990's

→ “Mutually beneficial”

Russia as a Trading Partner

Russia's share (2001, %) in

	Exports	Imports	Export/GDP
Finland	5,7	9,6	2,1
Germany	1,6	1,8	0,5
EU15	1,1	1,6	..
Hungary	1,5	7,0	0,9
Poland	2,8	8,8	0,6
Slovakia	1,0	14,8	0,6

The Effects of EU Enlargement

- Substantial increase in EU-Russia integration
- Russia becomes more important to the EU
- New EU member countries increase competition
- Northern Dimension = neighbourhood policy

Future Prospects

- Actual trade > potential trade
- Russia ~ Sweden
- Inter-industry trade will dominate business
- Outward Processing Trade
- FDI – fastest growth
- Trade becomes "more normal"